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U.S. Farm Exports Jump

Farm-to-Port Movement of Mammoth U.S. Grain Exports

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In this issue:

This week's cover:

U.S. grain is unloaded from a barge into a storage elevator in New Orleans. The high volume of Soviet grain purchases this year contributed to a spectacular rise in U.S. exports. Feedgrain exports increased in dollar value by over two-thirds. Total farm exports gained 11 percent in the first 3 months of fiscal 1973, reaching a record high of over $2 billion. Story begins on this page.

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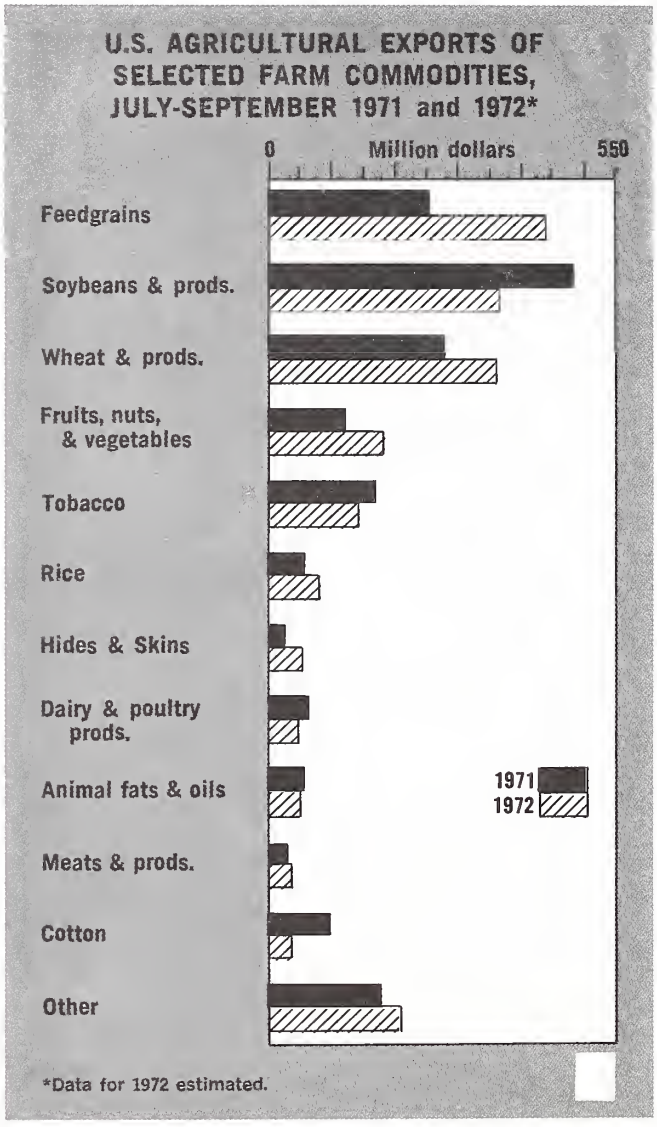

Sales exceed $2 billion

U.S. Farm Exports Rise 11 Percent In First Quarter of Fiscal 1973

By DEWAIN H. RAHE
Foreign Development and Trade Division
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DURING JULY-SEPTEMBER, the first quarter of fiscal 1973, U.S. exports of farm products rose 11 percent to an all-time high of $2,076 million, topping last year's record level of $1,876 million. Grain exports—up in value by two-fifths—were the principal reason for the high increase. Other gains were made in cattle hides, meats, fruits, vegetables, and flaxseed. However, the value of shipments of soybeans, soybean products, and cotton dropped sharply, due to reduced supplies available for export.

Demand for U.S. agricultural exports for the 3-month period has been especially strong, with the USSR and Eastern Europe buying large quantities of agricultural products to make up for poor grain and vegetable harvests. Feedgrain exports rose rapidly because of lessened supplies in Argentina and Australia. In recent months, economic conditions have improved in most major U.S. markets including Japan, Canada, and most of Western Europe. Industrial production is expected to advance by 5 percent in Japan, 3 percent in Western Europe, and 4 percent in Canada during July-December, 1972.

Grains. Exports of grains and preparations rose by over two-fifths to total $922 million in July-September. Feedgrains, wheat, and rice all expanded, with feedgrains sales—up two-thirds from a year earlier—increasing most in value. The overall value of feedgrain shipments rose to $445 million, compared with only $259 million last year. Total feedgrain exports amounted to 8.4 million metric tons, compared with a previous 4.5 million in the like period of 1971-72.

Reduced supplies or limited handling capacities in other major feedgrain-exporting areas caused importers to buy more from the United States. In quantity, corn accounted for most of the increase and totaled 269 million bushels, compared with last year's 145 million bushels. Big markets for U.S. corn included the USSR, the European Community (EC), Spain, Japan, Romania, and Yugoslavia.

Grain sorghum exports advanced to $63 million from only $41 million. Japanese purchases were responsible for most of the gain, totaling 1.7 million tons of feedgrains compared with only 1.1 million tons a year earlier. In 1971, U.S. grain exports had been hampered by limited supplies because of low yields caused by drought and the Southern corn blight, as well as the west coast longshoremen's strike.

Exports of wheat and products advanced to 214 million bushels from 164 million for the comparable period a year ago. Demand for U.S. wheat is especially strong this year, with substantial purchases by the USSR and Eastern Europe. The USSR has purchased an estimated 400 million bushels of U.S. wheat for delivery in 1972-73.

Exports to Japan are also up sharply this year, after declining last year because of the longshoremen's strike at west coast ports. Poor crops led to Mexican purchases of 9.0 million bushels of wheat in July-September, compared with 2.2 million a year ago. In recent years, Mexico has exported about 3 million bushels of wheat annually. Australia's wheat production is expected to decline sharply. Although Argentine production is expected to be up 2 million tons, Argentina will not be in an export position until after the November-January harvest is completed. Canadian wheat exports are limited somewhat by the capacity of the country's transportation system.

Although the European Community had a record grain crop this year, wet weather during the harvest season has reduced the overall quality, and the EC may import more U.S. wheat for blending with local wheat. Exports of wheat gained to all areas in July-September, but top outlets were Mexico, Venezuela, the USSR, Japan, Pakistan, Yugoslavia, Mexico, Bangladesh, Venezuela, United Kingdom, Taiwan, Philippines, and Indonesia. Exports to Turkey, however, were down substantially because of a sharp increase in wheat production there. Shipments to Brazil also declined.

RICE EXPORTS INCREASED to 11 million bags compared with a previous 7 million bags, and value was up about one-third to $85 million. Principal outlets for U.S. rice were Korea, Vietnam, Indonesia, Bangladesh, and the Philippines. Present exportable supplies, which are located largely in the United States, Italy, Thailand, China, and Japan, are below last year's level. Decreasing rice production in Thailand, Philippines, Latin America, and Burma has reduced world supplies.

Oilseeds and products. Exports of U.S. soybeans and products dropped 25 percent compared to last year. However, shipments are expected to reach record highs as the new crop moves into export channels. Demand for U.S. soybeans is unusually strong, both in the United States and in major world markets, although growth in demand has outpaced gains in production in recent years. Declines occurred in exports of soybeans, soybean meal, and soybean oil, primarily to our top markets in Western Europe and Japan. Exports in 1970-71 were unusually heavy in anticipation of the longshoremen's strike.

In July-September, soybean exports totaled 65 million bushels, down from 95 million a year earlier. Because of high prices, value declined only 25 percent to $229 million. The

unit value rose to $3.49 per bushel from about $3.22 per bushel a year ago. Despite higher prices, exports are expected to advance by nearly one-fifth. Reasons for the increase in U.S. soybean exports include the continued advance in livestock production in Western Europe, Canada, and Japan; the purchase of 1 million tons of soybeans by the USSR; the sharp reduction in production of fishmeal in Peru; and reduced supplies of other protein meals.

Exports of oilcake and meal totaled 960,000 tons compared with 1.3 million a year ago. Again, limited supplies were the primary reason for the decline. Demand expanded sharply, as seen by the substantial price increase to $105 per ton from $90 a ton. Western Europe was the most important outlet for U.S. soybean meal, but Mexico, Canada, the Philippines and some Latin American countries were also good markets.

Exports of soybean oil totaled 258 million pounds, down sharply from the 432 million of a year earlier. Demand for U.S. soybean oil fell because of the gain in world supplies of fats and oils, and the increasing quantities of soybean oil available from the crushing of U.S. soybeans by European processors.

Exports of cottonseed oil declined to 105 million pounds from 110 million. But increased supplies at attractive prices should encourage exports this year. This oil is also being used in Western Europe to replace sunflower oil, formerly available from the USSR and Eastern Europe.

In July-September, linseed oil advanced to 77 million pounds from 14 million, and flaxseed to 4 million bushels from 4,000. While U.S. supplies are plentiful, production is down elsewhere, especially in Argentina. The USSR, Western Europe, and Japan were top markets for these products.

Fruits, vegetables, and nuts. Exports of fruits and vegetables showed a two-fifths gain in the first quarter of fiscal 1973. Combined exports hit a record $171 million, sharply above $118 million a year earlier. Most of the increase centered around fresh products.

Exports of fruits and preparations rose by nearly $40 million to $122 million stimulated by higher personal incomes in the major markets and by competitive prices. Fresh lemons, oranges, and grapefruit also rose. Other increases occurred for pears and grapes. Citrus exports benefited from plentiful supplies and from currency revaluation which made prices attractive to many foreigners. Exports of dried fruits gained, especially prunes. The unit value of raisins was up sharply because of limited production due to frost damage.

Although production was reduced, exports of canned fruits increased to $16 million from $8 million a year ago. Increases occurred for canned peaches, fruit cocktail, cherries, and pineapples. Fruit juice exports also advanced, with grapefruit and orange juices leading.

Exports of vegetables and preparations rose about a third to $47 million from $36 million. Again, fresh products accounted for nearly all of the increase. These included lettuce, potatoes, and tomatoes. Canada continued to be the principal market, but increasing amounts moved to Western Europe and Japan, as incomes increased and transportation and handling facilities improved.

Exports of nuts and preparations advanced to $16 million from $10 million. Almonds accounted for most of the increase, but shipments of walnuts and other nuts also gained. A high level of almond production and competitive prices have made the United States the leading almond exporter.

Animals and products. Exports of animals and animal products rose by one-sixth to reach $254 million from $217 million last year. A substantial gain was made in hide exports, and sales of meats and products advanced exactly one-fourth, with highs in beef, pork, and variety meats. Exports of animal fats and greases fell more in value than in quantity. Increases in world production of fats and oils have depressed current prices. Production of animal fats rose in Western Europe, a principal market for U.S. animal fats and oils. Exports of lard fell sharply in both quantity and value because of reduced shipments to the United Kingdom.

Exports of dairy products totaled $34 million, dropping from nearly $46 million. Butter and nonfat dry milk caused the decline. Exports of condensed and evaporated milk gained slightly. In recent years, about 80 percent of the exports of nonfat dry milk have moved under Government-financed programs. Butter exports to the United Kingdom in 1971 were unusually large because of limited quantities from the usual suppliers. Since Europe and New Zealand now have exportable supplies, U.S. shipments dropped precipitously during July-September 1972.

U.S. exports of poultry and poultry products totaled $22 million in July-September 1972. Exports of turkey parts to the EC gained by one-fifth in the first quarter. Lower

(Continued on page 16)

U.S. AGRICULTURAL EXPORTS: VALUE BY COMMODITY

July-September 1971 and 1972

Commodity	1971	1972	Change
	Mil.	*Mil.*	
Animals and animal products:	*dol.*	*dol.*	*Percent*
Dairy products	46	34	−26
Fats, oils, and greases	62	51	−18
Hides and skins, excluding furskins	31	82	+165
Meats and meat products	36	45	+25
Poultry and poultry products	22	22	0
Other	20	20	0
Total	217	254	+17
Grains and preparations:			
Feedgrains, excluding products	259	445	+72
Rice	64	91	+42
Wheat and major wheat products	280	363	+30
Other	27	23	−15
Total	630	922	+46
Oilseeds and products:			
Cottonseed and soybean oil	85	48	−44
Soybeans	306	229	−25
Protein meal	116	100	−14
Other	27	55	+104
Total	534	432	−19
Other products and preparations:			
Cotton, excluding linters	103	42	−59
Tobacco, unmanufactured	172	142	−18
Fruits and preparations	82	122	+49
Nuts and preparations	10	16	+60
Vegetables and preparations	36	47	+31
Other	92	99	+8
Total	495	468	−6
Total exports	1,876	2,076	+11

Agricultural Policy Called Growing Burden On European Community

Currency problems, although not at the root of the difficulties experienced in the European Community's Common Agricultural Policy (CAP), have brought them to general attention and, in the process, have exposed the internal tensions within the Common Market.

Moreover, these difficulties and tensions have arisen not so much because there has been greater progress in the Common Agricultural Policy than in other spheres, as is generally believed, but because the shaping of this policy has been left to bureaucrats, thus creating a separate estate isolated from free market forces. For this reason the CAP threatens to become an obstacle to European integration rather than a vehicle for unity, which it was hoped it would be.

The situation has been aggravated by some grave mistakes in the CAP as such. First priority was given to improving producer income and price decisions were taken without fully appreciating their far-reaching effects. Imbalances in the market and growing financial burdens on the exchequer soon proved to be the consequences of an agricultural policy that had become foreign to the free market system.

Agricultural policy is therefore a growing burden on the European Community. It would never do, though, to abandon the CAP altogether. Just as it is impossible, in a complex economy and society, to pursue integration in a single sector, so it would be impossible to exclude a whole sector from the process. Likewise it would be a mistake to overrate the influence of the present difficulties resulting from monetary policy. Overcoming currency problems will cure neither the market disequilibrium nor the long-term structural problems in agriculture. Indeed, without the European Community, each country would have to deal with these difficulties on its own, both at a national and international level.

It will be one of the great tasks of the 1970's to work out a new concept to bring agricultural policy into line with regional policy and spatial planning in order to reintegrate it into the general economic and social framework. The basic ideas to achieve this are encompassed in the following principles, forming something like an antithesis of the present discussion on agricultural issues.

1. The traditional policy to improve incomes via prices cannot be feasible any more in the changed economic conditions. With a high level of domestic production in European countries, with dynamic technological advances and large reserves of production as against a small growth rate of demand, a price policy oriented primarily on producers' incomes offers no chance of balancing supply and demand.

2. Neither would a policy of high prices together with production quotas afford a possible solution. Such a policy would deter entrepreneurial initiative and in due time further isolate farming from the general economic system. Also there is no reason to suppose that the responsible political bodies could set quotas any more easily than prices in accordance with economic rules.

3. The structural reform of agriculture cannot be a substitute for a reasonable price and market policy. If the farming system is rapidly modernized by creating large capital-intensive farms with public support, a mobilization of idle capacities must be reckoned upon. In view of the development of agricultural markets, it would seem that a very cautious handling of structural policy is required.

4. The so-called income disparity within agriculture is a problem of rural areas and of income distribution. There is no such thing as a general income differential between agriculture and other sectors. It therefore cannot be the objective of structural policy to call a profitable agriculture into being. And to that part of the rural population which really has low incomes, the creation of better job opportunities outside farming is of much higher importance.

5. The regional economic structure must become the main field of political action; that is, government investment must concentrate on the economic and infrastructural development of rural areas as such. New jobs off the farm are by far less costly and, moreover, serve the cause of general economic growth, thereby indirectly helping to improve the agrarian structure.

6. The traditional policy of giving help primarily to full-time farmers is economically and socially unjustifiable. In practice, this type of structural policy has become a means for featherbedding a minority, leading to an even more unequal distribution of income and wealth without furthering regional economic growth in any way, not to mention the danger to the antipollution and conservation functions of agriculture it involves.

7. Welfare facilities are a task of social justice, not instruments of structural policy. Welfare help should be available to all groups of the population according to social criteria—like age, health, employment opportunities, and the need for retraining. Tying it to the giving up of certain occupations or of the rights of ownership or cultivation of land contradicts principles of equality and does not promote true structural development.

8. Landownership is vital in the context of social policy. The concentration of land, and its long-term commitment to large agricultural enterprises, runs counter to the concept of mobility of land and the ensuing desirable distribution of landownership. Giving up land should not be promoted with the help of public funds except in cases where public and social objectives are pursued, while, on the other hand, access to land should be made easier for nonfarmers.

9. The most important factor in a meaningful development of an agricultural structure is managerial ability. This may find a field of action in various production patterns, the profitability of which—as in the manufacturing sector—can only be judged on an individual basis but not generally as-

(Continued on page 16)

This analysis of the Common Agricultural Policy of the European Community is condensed from an essay by Professor Hermann Priebe, director of the Instituts fuer Laendliche Strukturforschung, Johann-Wolfgang-Goethe Universitaet, Frankfurt/Main, Germany.

The essay is included in **Fields of Conflict in European Farm Policy:** Hermann Priebe, Jan Herring, and Dennis Gergmann. Agricultural Trade Paper No. 3 (London: Trade Policy Research Centre, 1972).

WEEKLY CARLOADINGS OF GRAINS AND SOYBEANS

[In thousands of cars]

Month and week [1]		Average 1969 and 1970	Jan.-Sept. 1972
Jan.	1	17	17
	2	24	21
	3	25	24
	4	23	23
	5	22	22
Feb.	1	22	23
	2	23	22
	3	24	22
	4	23	21
March	1	24	24
	2	24	24
	3	23	27
	4	23	24
April	1	23	21
	2	22	24
	3	22	23
	4	23	21
May	1	22	21
	2	22	20
	3	22	19
	4	23	17
	5	20	19
June	1	23	16
	2	29	22
	3	30	24
	4	33	30
July	1	31	29
	2	32	23
	3	33	27
	4	32	28
Aug.	1	32	28
	2	31	29
	3	31	31
	4	30	31
	5	30	30
Sept.	1	27	31
	2	26	27
	3	27	29
	4	26	29
Oct.	1	28	—
	2	29	—
	3	29	—
	4	32	—
	5	33	—
Nov.	1	33	—
	2	34	—
	3	32	—
	4	25	—
Dec.	1	31	—
	2	26	—
	3	27	—
	4	21	—
High week		34	—
Low week		17	—
Average week		26	—

[1] Starting with Jan. 4, 1969; Jan. 3, 1970; and Jan. 1, 1972.

PROBLEMS MOUNT IN MOVING FISCAL 1973 GRAIN AND SOYBEAN EXPORTS TO PORTS

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The end of October found a mounting sense of urgency over the problem of transporting U.S. grain and soybeans to ports for shipment to markets in foreign countries.

Urgency is normal at this time when the new crops of spring wheat, corn, and soybeans are flowing off the farms; for they must compete with the earlier harvest of winter wheat for space in country elevators, in boxcars and barges, and at port terminals. This year, however, a new dimension has been added to the U.S. crop movement task through the necessity of moving unprecedented quantities of wheat, corn, and soybeans to the Soviet Union during the current fiscal year—this in addition to the quantities needed at home for food and feed and the quantities committed for export to other foreign customers.

In mid-October, the National Grain and Feed Association set up a task force to coordinate transportation information on pending grain shipments to ports. The task force, representing the members of the association, is working with carrier and Government regulatory personnel and with country shippers, internal terminal points, processors, millers, and exporters. Their objective is to cooperate with the Interstate Commerce Commission and the Association of American Railroads so as to avoid all possible blockages of ports that would cause railcar shortages back to the country level.

Size of the problem. In fiscal 1972, the United States exported 62.1 million metric tons of agricultural products, 91 percent of which was grains and soybeans and their products. In fiscal 1973, exports are projected at 83.4 million tons, 93 percent grains and soybeans. The difference of 21.3 million tons is practically all in these same products; and since Russian purchases of them are expected to total some 19 million tons, it is clear that most of the increase will be going in the direction of the Soviet Union.

The 21.3-million-metric-ton increase in exports (equivalent to 23.5 million short tons of 2,000 lb. each) would fill—

- 587,500 general-service boxcars (of 40 short tons each); or
- 293,750 covered hopper cars (of 80 short tons each); or
- 874 ocean-going vessels (of 24,000 2,240-lb. long tons each, the average size used in 1967 for heavy U.S. grains).

Some of the increase will require only one interior movement to get to ports, but much of it will be "gathered" to subterminals and terminals and then moved in bulk to ports.

Export shipments of corn, wheat, soybeans, and sorghums have varied widely in the past. The high in any quarter since 1965 was only slightly above 17 million metric tons; but in fiscal 1973, shipments must hit an average of over 19 million tons per quarter, if U.S. export commitments are to be met.

How much will be required of the U.S. export system by shipments of this size can be illustrated by comparison with the recent high point of 54 million metric tons in 1966. That equals an average of only 13.5 million tons per quarter; and the total for that year is nearly 17 million below the 70.7

A laker is shown loading corn at an Illinois elevator. Great Lakes ports are next to gulf ports in importance as exit points for U.S. feedgrains.

million (excluding products) that is forecast for export in fiscal 1973.

Past export patterns suggest that the U.S. grain-moving system will be able to handle these quantities if the usual seasonal distribution of shipments prevails. However, judging by inspections for shipment since July, only a small portion of the Russian purchases had left ports by mid-October—about 1.1 million metric tons of wheat, 1.4 million of corn, and 150,000 of soybeans, out of the respective totals bought, which are estimated at 11 million, 7 million, and 1.1 million. In addition, total outmovements of these products in July-September were well below the pace necessary to reach expected 1972-73 volume.

If the slack can be taken up in accordance with usual seasonal distribution patterns—shown in the accompanying table—the United States would have a good chance of meeting all its delivery commitments without undue problems in distribution.

Important in achieving this end are the accessibility of stocks, the availability of country elevator space, adequate supplies of boxcars in the right places, supplementary supplies of barges and trucks, and conveniently located and properly functioning ports of exit with elevator space.

Location of stocks. The physical location of grain stocks is an important consideration. Rail sidings at many country elevators will not permit the efficient use of large covered hopper cars. Such elevators must use either trucks or the relatively small boxcars, or some combination. Yet, since port elevators are chiefly equipped to receive grain by rail, moving grain by truck from country points might result in bottlenecks. Also, trucks so employed would be unavailable for moving grain from farm to country elevator.

"Big John" grain cars cross New River Bridge in Tennessee.

Country elevator space. Informed opinion is that if freight cars are made available expeditiously, country elevators can readily handle both domestic and export needs in 1973. Stock turnover in these facilities is normally rather low.

However, field reports suggest that elevators in Kansas, Missouri, and other Hard Red Winter wheat areas were about 75 to 80 percent full as the soybean and feedgrain harvests began. Wheat accounted for about 80 percent of the inventories at these country elevators; and predictions were that they would have to turn away incoming shipments shortly unless freight cars were

Loading "Super Big John" hopper cars at country terminal—second step in moving grain from farm to port.

found to load out some of this wheat.

To the extent that grain is located at a considerable distance from export and other consumption points (both in terms of miles and in terms of position in the marketing chain—the two are often related), shortages of transportation equipment could develop. If bottlenecks occur in the distribution system, boxcars and other equipment will crowd at the point of stricture. If the bottlenecks are at ports, they can be expected to reflect back into the countryside in a relatively short time.

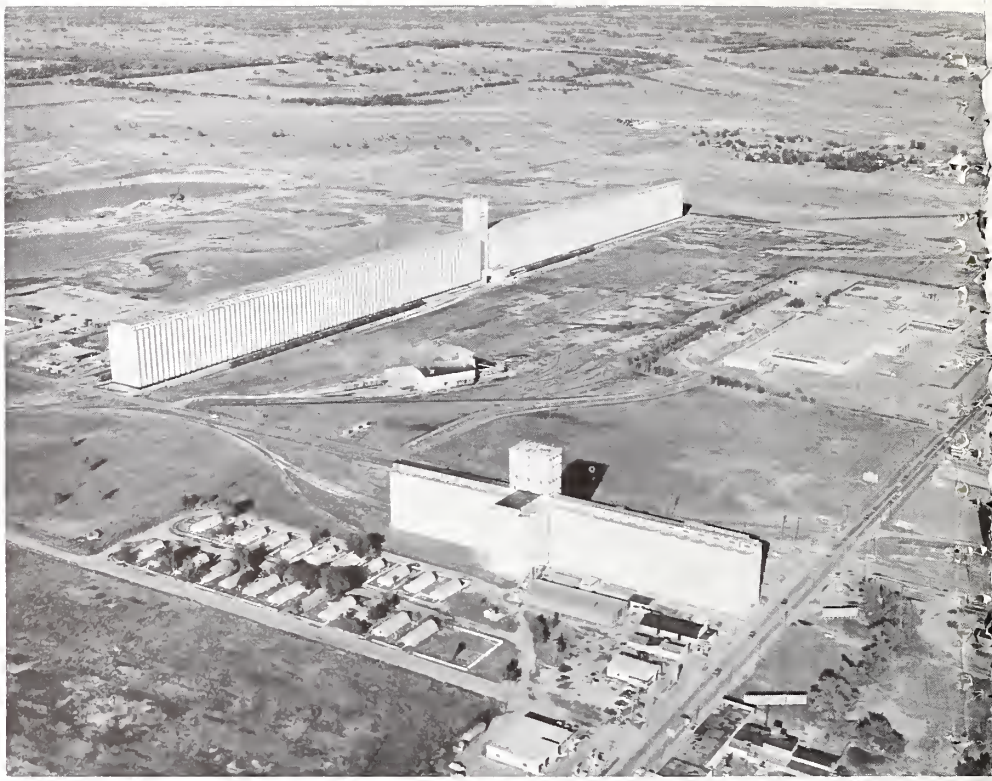
Railcar supplies. Although the total number of railcars suitable for carrying grain has been trending downward for decades, grain traffic hauled by the railroads has not declined. Railroads obviously are improving their performance in grain transport.

In part, this comes from more nearly year-round use of grain-carrying cars in hauling grain—a development that could, however, result in less capacity with which to meet sudden spurts in demand. In part, it comes from an increase in the number of covered hopper cars, which have about twice the capacity of boxcars and on the average are loaded 20 times per year, as against a boxcar's 15 loadings.

Whatever the connection may be between grain car supplies and grain traffic, that connection may come into play very soon. To test what the large grain purchases may mean for weekly carloadings, we have assumed that the numbers of carloads represented by increased grain exports would be distributed in the traditional seasonal pattern for the last three quarters of fiscal 1973. We also assumed that two-thirds of the cars loaded with grain would be boxcars and one-third hopper cars, and that each unit of wheat would move only once after October 1 to get to port.

These implicit weekly carloadings required for increased exports in 1973 were then added to the average weekly carloadings of grain and soybeans in 1969 and 1970. The result shows "expected" high, low, and average weekly carloadings in each quarter. For October-December, the high is 46,000, the low 37,000, and the average 41,000; for January-March, the high is 35,000, the low 27,000, and the average 33,000; and for April-June the high is 45,000, the low 32,000, and the average 36,000.

These estimates do not seem unduly high, in view of the fact that most of the increase in exports is wheat (which was far back in distribution channels or on farms in July) and that wheat usually moves by rail more than once—first to interior terminals and again to ports.

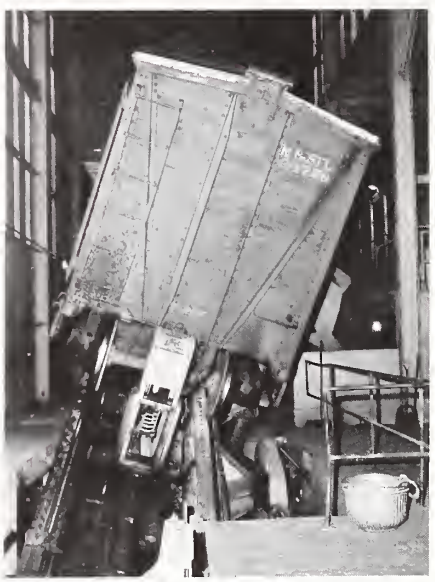


Grain elevators at Hutchinson, Kans. Largest (1,000 bins) is nearly a half mile long.

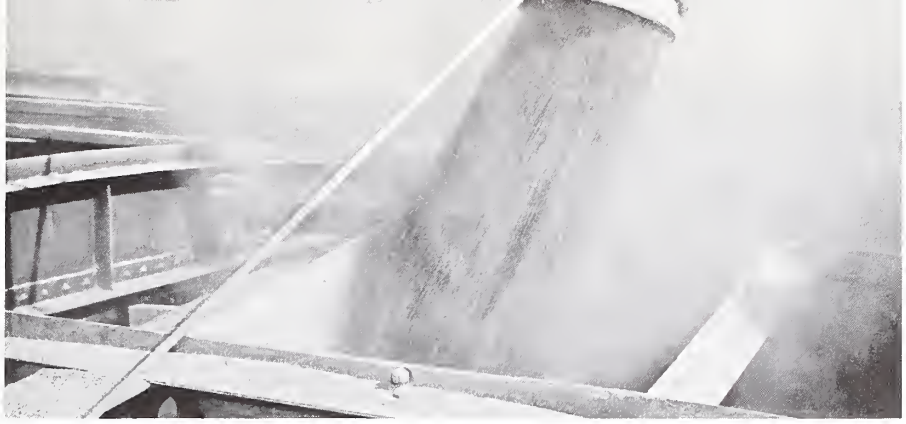
USDA specialists in the rail transportation of agricultural products say that in their experience, car shortage complaints begin to mount as weekly carloadings of grain approach 30,000. It seems apparent that carloadings in excess of that figure must be accomplished practically every week for the remainder of fiscal 1973 if expected export levels are to be realized.

Problems of supplying empty freight cars suitable for carrying grain have occurred seasonally and cyclically for about a century. In essence, this happens because commodity rates and available railcars are fixed, in the short run; but demands for empty cars are not. When these demands increase, movements of empty cars decrease. Loadings are then available near the points at which cars are unloaded. Unfortunately, supplies of grain, lumber, and coal, in particular, usually originate at points far removed from usual destinations for loaded cars.

The growth in numbers of specialized railcars in recent years may help limit the empty-car supply problem for any particular commodity, if that commodity has fairly stable patterns of movement. Grain movements, however, do not have such patterns, nor are grain cars limited in usefulness to grain alone. Boxcars in particular are general purpose; hopper cars are adequate for any nonliquid free-flowing commodity.



Hydraulic lift at Duluth, Minn., tilts grain car for unloading.



Wheat pours into hold of waiting ship—final act in U.S. grain export drama.

Rent-a-Train, containing only grain cars, leaves Gibson City, Ill.

SEASONAL DISTRIBUTION OF U.S. GRAIN AND SOYBEAN EXPORTS
[In percentages]

Quarter	Foodgrains, average 1969-72 [1]	Feedgrains, average 1965-69	Soybeans & products, average 1969-71 [2]	Grains and soybeans combined, 1972-73 [3]	
				Assumption No. 1	Assumption No. 2
July-Sept.	23.5	26.3	20.3	23.8	19.8
Oct.-Dec.	26.0	28.5	32.1	28.2	29.5
Jan.-Mar.	22.6	22.8	22.1	22.6	23.8
Apr.-June	27.9	22.4	25.5	25.4	26.9
Year	100.0	100.0	100.0	100.0	100.0

[1] July-June. [2] April-March. [3] Forecasts, based on two assumptions: (1) That previous years' export patterns prevail for all four quarters and all shipments including those to USSR; and (2) that shipments to USSR in July-September totaled only 2.6 million tons but that previous years' export patterns prevail for last three quarters. Percent weights used for combining: Foodgrains 42.2 (wheat, rye, rice, and pulses); feedgrains, 35.8 (grains, alfalfa meal, and prepared feeds); soybeans, 22.0.

Grain cars used for minerals and similar products cannot be used again for grain until thoroughly cleaned; but no such cost retards their movement out of grain hauling.

Recognizing the potential burden on our transportation system, both the Interstate Commerce Commission and the Association of American Railroads have taken steps to avoid port congestion and speed the return of empty cars to interior points. The USDA agencies concerned with monitoring agriculture's needs for transportation, with arranging movements of CCC grain, and with inspection services at both interior and port locations are watching the situation closely; and the industry-Government transportation task force is working with ICC and the rail industry to insure that information flows in freely from all points in the distribution channel.

For stocks of grain or soybeans available near waterways, barge service offers an alternative to rail shipment. This applies especially to corn and soybeans, which are generally grown within reach of the Mississippi. There is, however, always strong competition for barges, to handle the peak grain movements of fall and winter. This year, barge rates—not regulated as rail rates are—have been climbing, and the subsequent inducement to ship by rail has put still more pressure on available supplies of boxcars.

It should be noted, however, that barge capacity has increased by about 4 million tons since 1966. If this new capacity could be loaded 6 times per year, much of the expected increase in grain shipments could be moved. Numbers of trucks suitable for carrying grain have also increased, though their actual availability is open to question, since for truck service, too, many other commodities compete. In addition, some of the truck capacity must be devoted to truck-barge service.

Port capacity. As with country elevators, the capacity of subterminal, terminal, and port elevators to take in and load out grain is hampered only by the availability of transportation equipment. None of them have adequate storage to ship or receive for an extended period without concurrently receiving or shipping. Informed opinion is that the ability of grain elevators at ports to handle increased grain sales of the magnitude under discussion was already strained in October, particularly at gulf ports, and will continue to constitute a potential bottleneck that needs careful watching by exporters.

Harvesting corn in southeast England. Photos pages 10 and 11: Farmers Weekly.

United Kingdom Farmers Working To Raise Grain and Silage Corn Output

By KENNETH L. MURRAY
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London

A NUMBER OF BRITISH farmers and farm organizations are showing considerable interest in expanding corn production.

At present, U.K. corn acreage is rather minimal, with only about 3,000 acres of grain corn and 10,000 acres of silage corn harvested in 1972. But, looking across the channel in recent years, the British have seen rapidly growing corn acreage, even as far north as the Benelux countries. Some believe this can be duplicated in the United Kingdom.

The United Kingdom uses 3 million to 3.5 million tons of corn per year. About 2 million tons of this go into animal feed and the remainder into industrial uses, such as manufacturing starch and producing alcohol and breakfast cereals. Virtually all of this corn is imported, about two-thirds of it from the United States. Therefore, a ready corn market exists for U.K. farmers if they can overcome both natural and economic production obstacles. In addition, Government policy favors increased self-sufficiency in agriculture to aid its balance of payments.

Natural obstacles to increased corn production in the United Kingdom are several. The short growing season is a major drawback to large-scale production, although work is underway in the United Kingdom and on the Continent to develop earlier maturing varieties. Of course, Britain's short growing season problem is less serious for silage corn than for grain corn. Three consecutive warm and sunny summers in Britain inspired an enthusiasm that might well have been tempered by the more typical summer weather in 1972.

Areas of Britain that are best suited to corn production are East Anglia, Kent, and Sussex in the east and southeast regions of England. About a year ago a meteorological survey was conducted to see how much land was potentially available for grain corn production in suitable parts of England. The conclusion was that almost 2 million acres could feasibly produce grain corn to maturity in 9 out of 10 years.

Economic obstacles to grain corn production in the United Kingdom include high costs of contracting for harvesting and drying. Only a very limited number of corn harvesters are available, and most farms do not have adequate drying facilities.

Also, the late harvest time for corn may eliminate sowing of winter wheat. In a very wet autumn, which is not unusual for Britain, considerable problems in harvesting corn could arise.

Another disadvantage to grain corn production in the past has been lack of a producer guarantee price like those for other grains such as wheat and barley. However, with entry into the European Community, grain corn will be on equal footing with other grains that are protected by high threshold prices and import levies. British farmers also have other incentives to overcome production obstacles.

THE READY MARKET for domestically produced grain corn is an important advantage, especially since other domestic grains such as soft wheat and barley are generally in good supply. For example, domestic barley prices have often been depressed in recent years because of supply gluts within the country.

Corn could be a useful break crop in rotation and in reducing weeds. Continuous small grain cultivation in the United Kingdom has caused disease and soil structure problems.

Studies by British economists indicate that grain corn can be a relatively profitable cash crop. However, much attention must be devoted to its culture because it is a new crop to the United Kingdom and producers lack experience. Some work in this area is underway.

The Home-Grown Cereals Authority (HGCA), a quasi-Government organization, has been sponsoring research and development in corn production, under grants financed equally by a levy on cereal growers and by Government funds.

The HGCA has given a grant to the British Plant Breeding Institute for research and breeding of early-maturing corn varieties suited to British conditions. The HGCA also has sponsored the Maize Development Unit at Wye College (London University) to carry out research involving the economic aspects of corn production, cultivation procedures, fertilizer requirements, harvesting techniques, and drying and storage of corn. Several studies have already been published by the Wye College unit. The HGCA and the Wye College unit have also provided direct guidance on corn cultivation and marketing matters to groups of farmers, in some instances cooperatives.

British farmers have organized the Maize Development Association to promote increased corn production. The Association publishes a monthly news bulletin that helps keep farmers posted about developments regarding research in corn production and marketing.

More than 2 million acres in England could feasibly grow grain corn.

The future of silage corn in the United Kingdom is better than for grain corn. British weather is not as detrimental a factor in producing this type of corn. Good silage corn crops have been achieved in northern England and even Scotland. Yields of silage corn in the United Kingdom have averaged about 4 tons of dry matter per acre, which equals grass yields. However, it takes at least four cuttings to achieve such yields with grass. Another advantage of corn silage compared with grass is the break crop feature in cleaning pests and diseases prevalent in small grain rotation.

The British Grassland Research Institute has been involved in promoting corn silage production. In a recent informational leaflet, the Institute gives very detailed advice on silage corn cultivation. The Institute concludes that silage corn can be grown "with confidence" in the south of England and that good yields are also possible in the north.

The quasi-Government Meat and Livestock Commission has been studying silage corn from the nutritional point of view for cattle feeding. The Commission recently published a newsletter pointing to the nutritional advantages of a silage-corn-based system of intensive beef production. Included was a cost analysis indicating very favorable gross margins for silage corn utilization for beef cattle. The conclusion was that silage corn had possibilities for feedlot beef production.

With all the work and publicity that is being given silage corn production in the United Kingdom, it appears that acreage expansion may be fairly rapid. British farmers will also seek relatively cheaper sources of energy as grain prices rise to EC levels. Silage corn would appear to help fill this need.

In 1972 silage corn acreage increased by about a third, to 10,000 acres. Although this represented a slowing of an extremely high expansion trend, it is considered by British agricultural sources to be only a pause before further sharper increases. The British Plant Breeding Institute, which has been working on corn varieties for over two decades, anticipates some 80,000 acres of silage corn by 1975. This seems a reasonable expectation.

The prospects for grain corn are also steadily improving. Although acreage is still relatively small, the increases in the United Kingdom in the past couple of years have been significant. Grain corn acreage increased again in 1972 to over 3,000 acres. In just a few years, grain corn has become a viable commercial crop in the United Kingdom.

ACCORDING TO THE British Plant Breeding Institute, grain corn area in the United Kingdom should reach 20,000 acres by 1975-76. Other sources seem to accept this figure as reasonable. However, this amount of acreage would produce only about one percent of the United Kingdom's corn needs. Perhaps in another 10 years corn expansion could be much greater. By then far better corn varieties should be available and British farmers will have had more experience with corn production, which is still in an infant stage.

Most of the approximately 2 million acres considered suitable for grain corn production is currently used for barley and wheat. While total displacement of this acreage is out of the question, at least one expert feels that a shift of 10 percent of this total (about 200,000 acres) into grain corn production is a possibility.

With grain corn yields running at about 1.5 tons per acre, this shift would yield about 300,000 tons, or one-tenth of present U.K. corn requirements. This seems a maximum figure for the foreseeable future.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 1	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.77	+3	1.98
USSR SKS-14	(1)	(1)	(1)
Australian FAQ [2]	2.58	−5	1.66
U.S. No. 2 Dark Northern Spring:			
14 percent	2.54	0	1.89
15 percent	2.61	0	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	2.51	+1	1.81
No. 3 Hard Amber Durum	2.60	−1	1.81
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.79
Feedgrains:			
U.S. No. 3 Yellow corn	1.64	+1	1.39
Argentine Plate corn	2.01	−3	1.51
U.S. No. 2 sorghum	1.73	−1	1.40
Argentine-Granifero sorghum	1.74	0	1.40
U.S. No. 3 Feed barley	(1)	(1)	1.18
Soybeans:			
U.S. No. 2 Yellow	3.79	+5	3.41
EC import levies:			
Wheat [3]	[4] 1.34	+2	1.57
Corn [5]	[4] 1.16	0	1.08
Sorghum [5]	[4] 1.06	0	1.08

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

Australian Wheat Growers Want Higher Quota for 1973 Crop

The Australian Wheat Growers Federation has decided to recommend a delivery quota of 514 million bushels for 1973. The quota for the current 1972 crop was 407 million bushels, but because of reduced acreage and adverse weather, deliveries against the 1972 quota may be only about 200 million bushels.

The Federation is also recommending that the advance payment on deliveries from the 1972 crop be raised from its present level of US$1.31 to about $1.43 per bushel. For the 1973 crop, the producers have reportedly agreed that they would be prepared to go back to the $1.31 initial payment.

To achieve deliveries of 514 million bushels in 1973, Australian production needs to be around 540 million bushels. Even with acreage at 27 million, which is about 10 million above the 1972 level and would equal the highest previous mark reached in Australia, yield would need to average 20 bushels per acre. This level of yield was last achieved in 1968 and in the 4 years, 1969-72, yield has averaged only about 17 bushels per acre.

President Announces U.S. Corn Sale to China

On October 27, President Nixon announced that the People's Republic of China (PRC) had purchased 300,000 metric tons of U.S. corn from Louis Dreyfus Co., an international grain trading firm with offices in New York and Paris. No details are yet available, but the f.o.b. value of the corn is estimated at more than $17 million.

China's purchase of corn is its first major purchase of any grain other than wheat since 1968 and is the largest such purchase since the early part of the 1960s. The PRC's production of all grains, including corn, has been increasing steadily over the past decade, but so have requirements, especially for food use. However, China has been able to export regularly small quantities of corn and sorghum.

China is the second largest corn producer in the world, after the United States. The crop is widely grown in China, with main areas located north of the Yangtze River, in Manchuria, and in Szechwan and Yunnan Provinces. Corn cultivation has expanded in recent years and annual production is currently estimated at 25-30 million tons. Most of the corn is used for food, rather than feed, and it is probably safe to assume that the corn recently purchased will be consumed as food and not feed.

EC Has Record 1972 Grain Crop

The European Community's grain crop reached a record high of 80 million tons in 1972, according to the EC Commission. This year's figure is 4 million tons over the previous high in 1971. The record crop resulted entirely from a further jump in grain yields. Grain acreage was slightly below the pre-CAP 1964-66 average but yields were 36 percent higher.

With the higher crop, net EC imports of grain could fall to less than 500,000 tons. Much will depend on whether stocks are allowed to increase or whether generous export subsidies become available to permit heavy export sales.

Canada Raises Initial Wheat Payment

Initial payments to producers for Canadian wheat were raised 30 cents to Can $1.76 per bushel (basis No. 1 CW Red Spring in store Thunder Bay or Vancouver) effective October

16, according to an announcement by Otto Lang, Minister responsible for the Canadian Wheat Board. The increase will be retroactive to all deliveries by growers since August 1. Delivery prices for barley were increased 9 cents to $1.05 per bushel and those of oats 10 cents to $.70. Initial prices for 1971-72 were $1.46 for wheat, $.91 for barley and $.60 for oats.

The initial payments are set each year, somewhat below market levels, with a final payment based on domestic and export sales revenues minus expenses.

Reports of Australian-Chinese Long-Term Wheat Deal Incorrect

Australian officials have indicated that there is no long-term commitment for China's purchases of wheat beyond 1973, although this had previously been reported by Australian news sources. Apparently the Chinese did, however, indicate an interest in further purchases at the time the recent 1973 contract was arranged, but no commitment as to specific amounts was made.

EC Reintroduces Export Subsidies

Beginning October 27, the European Community resumed granting an export subsidy of $32.57 per metric ton for non-Durum wheat to be exported to the three applicant countries: The United Kingdom, Ireland, and Denmark. In September, the EC had reduced all export subsidies to a nominal amount of $1.09 per metric ton.

The new rate should permit French wheat to be delivered to the United Kingdom at about $2.40 per bushel. Given the difference in quality, this is roughly in line with current world prices of other wheats.

China Selling No Corn or Sorghum

Japanese trade sources claim that China will not offer either corn or milo at the semiannual Canton Trade Fair which opened on October 15 for 1 month, an apparent departure from Chinese practice in previous autumn fairs.

This development would be consistent with recent reports of drought in China this year and China's recent heavy purchase of wheat, as well as its recent purchase of U.S. corn.

China annually exports small quantities of corn and sorghum, almost entirely to Japan.

LIVESTOCK AND MEAT PRODUCTS

Simmentals Shipped to U.S. Breeders from Norway

A Norwegian cattle breeder recently shipped 26 head of Simmental cattle—16 bulls and 10 heifers—to the United States for buyers in Texas. This is the first shipment of Simmental cattle and only the second cattle shipment from Norway to the United States. Exports from Norway to the United States are possible because that country is considered to be free of foot-and-mouth disease. Prior to departure the cattle were in the usual preembarkation quarantine under the supervision of a U.S. Department of Agriculture official. The cattle were progeny of imports from Germany.

These two shipments of breeding cattle from Norway have stimulated interest among U.S. breeders for more. However, it is not a simple matter. The Norwegian Veterinary Directorate has stated that Norway is opposed to being established as a transit port for the shipment of breeding cattle to the United States. Aside from the very rigid sanitary controls, Norway has a general embargo on imports of all live animals, and imports—in theory at least—are permitted only when needed to improve existing breeds in Norway. This will slow down the movement of the so-called "exotic" breeds of cattle through that country.

DAIRY AND POULTRY

Quebec Egg Barriers Invalidated By High Court

A Provincial egg market stabilization program which had been applied in Quebec since May 1971, and which had the effect of limiting egg imports into the Province, has been held unconstitutional by Quebec's highest court. Accordingly, egg inspection, packaging, and pricing provisions by which the Quebec Egg Marketing Board ('FEDCO') had limited shipments into the Province are invalid. Such barriers had been imposed upon inter-Provincial as well as international trade.

Even prior to the adverse ruling on the Quebec program a protracted period of low egg prices in Canada had prompted support among Canadian egg producers for a coordinated Dominion-wide egg stabilization program. A detailed proposal by the Canadian Egg Producers Council calling for Provincial marketing quotas to be administered by the Provincial Boards (already in existence) and guided by the National Farm Products Marketing Council was the subject of formal hearings held in mid-September.

As prepared for presentation at those hearings, the proposal would have restricted inter-Provincial egg shipments from Provinces where production exceeded the Provincial quota.

Regarding imports from outside Canada, the proposal calls for "the regulation of imports . . . as may be necessary and by means to be determined," using authority already held by the Dominion Government apart from the Farm Products Marketing Agencies Act, under which most other aspects of the proposed program would be authorized.

New Poultry Farm and Plant In Malaysia Uses U.S. Chicks

A modern $700,000 poultry farm and processing plant, initially using U.S. broiler chicks, opened recently in West Malaysia.

The pioneer enterprise, known as Malaysian Poultry Sendirian Berhad, is a joint public and private venture with equal shareholding between one of Malaysia's largest rubber plantation companies, a major food importing firm, and the State Development Corporation.

Operating at two-thirds of capacity for the past several months, the company expects to attain a full production capacity of 1.2 million birds a years. Future plans are for the inclusion of a hatchery, a mill for processing dry feed, and other industries related to poultry production.

SUGAR AND TROPICAL PRODUCTS

European Cocoa Grindings Increase

Reflecting record world cocoa production in 1971-72 and strong demand, grindings of cocoa beans in major European consuming countries are running ahead of year-ago levels.

United Kingdom grindings during the third quarter of 1972 totaled 23,800 long tons, up 30 percent over the same 1971 quarter. Grindings for the first 9 months of the current year have totaled 69,300 tons, a gain of more than 18 percent over the corresponding 1971 period. Total 1971 grind was 83,100 tons, compared with 81,100 tons in 1970.

West German grindings for the first 9 months of 1972 amounted to 98,589 metric tons, up 3.7 percent over the same period a year earlier when grindings were 95,085 tons. Total grindings in 1971 were 133,000 tons, up from 126,000 tons in the previous year.

Grindings in the Netherlands were also higher, reaching 91,380 metric tons during the first 9 months of 1972, an increase of 5.2 percent over the same 1971 months. Annual grind in 1971 was a record 120,600 tons.

Bolivia Expects Sugar Increase

Sugar production in Bolivia is expected to increase by 63 percent to about 187,000 short tons in 1973-74.

The expectation of this large increase is based on the following factors: Acreage planted to sugarcane is expected to rise from 64,197 acres in 1971-72 to 104,029 acres in 1973-74; use of fertilizers has increased; weather has improved, and shifting the harvest season forward by one month is expected to reduce losses due to rain at the end of the season; and milling capacity already has increased from 10,300 metric tons per day to 10,800 and will increase to 11,300 tons when the expansion of the Bermejo mill is completed, by the beginning of the 1973 harvest.

The large further increase in area planted in cane is expected on the basis of an increase of 27 to 31 percent in the price paid by mills for the cane; the allotment of about US$2.5 million in Central Bank credit for the planting of new cane fields; and the elimination of the old quota system applied to cane growers. Some land that has been in cotton is now returning to sugar.

TOBACCO

Japan Monopoly Corporation To Cross-License Cigarettes

Japan Monopoly Corporation (JMC) tobacco officials recently opened a new office in New York City. This office, which is separate and distinct from their leaf-purchasing office in Raleigh, N.C., will be primarily concerned with cross-license business for cigarettes.

Japanese tobacco officials indicate that they plan to work out agreements whereby JMC will produce and market certain U.S. brands under license in Japan and U.S. firms will manufacture and market certain Japanese brands under license in the United States.

The Japanese products are expected to be American-blend type cigarettes with Japanese brand names—likely with brand names yet to be determined.

The success of these arrangements could significantly increase U.S. tobacco exports to the growing market in Japan in the years ahead.

Angola Expands Tobacco Production

The Angolan Government recently announced the formation of a special commission to help boost tobacco production to between 33 million and 44 million pounds by 1976. This Portuguese Province in Africa currently produces about 10 million pounds of mostly flue-cured tobacco.

If successful in its production expansion, Angola will be among several African countries expected to give additional competition to the United States in some of its traditional flue-cured tobacco export markets.

Canada Schedules Tobacco Market Opening

Auction markets for the 1972 Canadian flue-cured tobacco crop will open November 9, 1972. Reports indicate that the crop is now expected to be about 175 million pounds—down about 17 percent from the 212-million-pound crop of the previous year. Output was larger than earlier expectations as a result of a late frost in June that caused considerable replanting. Virtually all of the crop was harvested and it is said to be of good quality.

Markets began November 4, 1971, for the previous crop, and prices averaged 59 U.S. cents per pound on opening day. It is expected that prices this year will be significantly higher than last year's because of a relatively short crop in Canada and the small production and high prices on U.S. markets.

COTTON

People's Republic of China May Up Cotton Imports

The People's Republic of China has imported an average of almost 500,000 bales (480 lb. net) annually since 1963-64 (year beginning August 1), with the total in any given year varying from a high of 800,000 bales in 1963-64 to a low of 300,000 bales in 1968-69. China recently purchased about 55,000 bales of Iranian cotton, compared with Iranian exports of 33,000 bales to China for the first 8 months of 1971-72.

Imports from Turkey may also increase in 1972-73, as reflected by reports that a Chinese trade delegate has expressed an interest in purchases of up to 180,000 bales of Turkish cotton. Turkey exported 49,000 bales to the PRC in 1971-72, up sharply from previous years.

If the Chinese should demonstrate an interest in American cotton, U.S. exporters may explore the possibility of using the CCC credit or barter programs.

Sales Teams To Promote U.S. Cotton Exports in Europe and Asia

Three U.S. cotton teams will leave in November to promote the sale of U.S. cotton in Europe and the Far East.

The teams are sponsored by the U.S. Department of Agriculture in cooperation with Cotton Council International as part of continuing efforts to expand agricultural exports. The Council is the U.S. industry organization for cotton export promotion.

Team members will call on representatives of Government and industry in 16 countries, which imported almost 12 million bales of cotton in 1971-72, about one-fifth of it from the United States.

The Far East team will visit Japan, Korea, Taiwan, Hong Kong, and Thailand between November 2 and 24. The East European team will visit Poland, Czechoslovakia, Hungary, Romania, and Yugoslavia. The mission to Western Europe will visit Belgium and Switzerland, and then break into two groups to cover Italy, France, West Germany, and the United Kingdom. It will be gone from November 17 to December 7.

FRUITS, NUTS, AND VEGETABLES

Improved Turkish Pistachio And Walnut Crops Anticipated

Turkish producers expect improved pistachio and walnut harvests in 1972. Early estimates place the recent pistachio harvest at 12,000 short tons (in-shell basis), well above last season's 2,000-ton crop. This large fluctuation is due to the alternate bearing nature of pistachio trees. The 1972 commercial walnut crop has been placed at 10,000 short tons (in-shell basis), up slightly from last season.

Minimum export prices were recently established for in-shell pistachios: $1550 per metric ton (without the red skin). If the buyer wants a guarantee that the pistachios meet the standards established by the U.S. Food and Drug Administration, the minimum price is $1,675 per metric ton. Actual prices in mid-September for normal and guaranteed quality, respectively, were $1,600 and $1,700.

With above-normal beginning season stocks, 1971-72 pistachio exports, at 3,400 tons (in-shell basis), exceeded total production that year. Foreign sales the previous year totaled 7,355 tons.

West Germany's 1971 Pack Of Canned Fruit Larger

West Germany reports 1971 canned deciduous fruit production totaled 4.2 million cases, equivalent to 24/2½'s, 5 percent larger than the 1970 pack of 4 million cases. Production of apples and applesauce was slightly smaller, totaling 2 million cases. Both for cherries and for plums and prunes, production was larger, totaling 1.2 million cases and 900,000 cases, respectively.

Reports indicate the 1972 canned fruit pack will total about 7 percent less than that of 1971. Total fresh 1972 crops of apples and cherries are smaller than those of 1971, and 1972 production of canned sour cherries is reported to be considerably smaller than the 1971 level.

FATS, OILS, AND OILSEEDS

Mainland China Defaults on Shipments of Soybeans to Japan

Recent reports from Japan indicate that 38,000 metric tons of Chinese soybeans programed for August-October 1972 delivery will not arrive on schedule, allegedly because of transportation difficulties caused by unseasonable weather in China. Japanese trade sources also express concern that 40,000 tons for November-December delivery might not be available.

Japanese purchase contracts for Chinese soybeans in calendar 1972 are reported to total 280,000 metric tons, virtually unchanged from the 1971 volume. Shipments during the first half of 1972 totaled 151,000 tons.

Practically no information is available on the size of the 1972 Chinese soybean crop.

Mainland China Reported in Market For 100,000 Tons of Soybean Oil

Persistent reports in the vegetable oil industry indicate that the People's Republic of China could be in the market for a possible 100,000 tons of soybean oil, almost entirely from the United States.

China has reportedly deferred shipment of soybeans to Japan originally scheduled for October and November. China has continued to export rapeseed and peanut oil to Hong Kong, while importing small amounts of coconut and palm oil. Since China generally markets liquid cooking oil rather than hardened oil products such as margarine and shortening, soybean oil should fit well into domestic needs. China historically has been a major producer and consumer of soybean oil.

Crops and Market Index

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FOREIGN AGRICULTURE

U.S. Farm Exports Rise 11 Percent (Continued from page 4)

U.S. prices boosted exports of eggs and products by almost $1 million. Somewhat offsetting was the decline in exports of young whole chickens.

Tobacco. Exports of tobacco in July-September totaled 134 million pounds, down slightly from last year's 169 million. Value totaled $142 million, a decrease of about $30 million, and the unit price increased to about $1.16 a pound from somewhat more than $1 a pound. Exports were unusually high in July-September 1971, in anticipation of the longshoremen's strike on the east coast, but followed a more normal seasonal pattern this year. The decline occurred for all tobacco, including flue-cured, burley, and Maryland.

Expanded exports by developing countries have increased competition in European markets, and use of filter cigarettes, which require less tobacco per unit, has risen. Uncertainty concerning the future role of Rhodesia as a tobacco exporter caused many importers to purchase only enough U.S. tobacco for current needs. European countries continued to maintain their tobacco stocks at relatively low levels.

Cotton. U.S. exports of cotton dropped to 251,000 running bales in July-September 1972 compared with a previous 686,000 bales. Large exports during the past year—and 2 years of relatively low output—have nearly depleted U.S. cotton stocks. With U.S. production up 3.2 million bales in 1972, more cotton is available for export, but demand is not as strong as a year ago when world production was down. Although foreign production has increased substantially in 1972, the unit value of exported cotton rose in July-September to $166 a bale from $151 a year earlier, because exports were from last year's crop, which sold at a higher price.

EC Agricultural Policy (Continued from page 5)

sessed by technical criteria. Economical production does not depend on whether farming is full time or part time, nor on the acreage of a farm. First and foremost it depends on the quality of management. And new forms of production can only be developed if calculations of cost are not distorted through subsidies and if the individual farmer's freedom of decision is not constrained by government interference.

10. All landowners have a major social duty in conservation of the landscape and the general regard for environment. A case can be made for income subsidies if they are related to specific work done in this field and are not restricted to certain types of farms. They can then be given in a way that is neutral with respect to production and at the same time they can help to reduce income differentials within agriculture and between regions. Conservation ought to be more than the prevention of damage and control pollution. It must be considered as a positive task of environmental development, closely connected with the cultivation of land.

A policy consistent with these principles would hold out real and lasting hope for the welfare of rural Europe and gain the support of a sympathetic urban majority.